

MINUTES OF MEETING
NORTH SPRINGS IMPROVEMENT DISTRICT

The regular meeting of the Board of Supervisors of the North Springs Improvement District was held Wednesday, May 7, 2014 at 5:00 p.m. in the district office, 9700 N.W. 52nd Street, Coral Springs, Florida.

Present and constituting a quorum were:

David Gray	President
Vincent Morretti	Secretary
Mark Capwell	Assistant Secretary

Also present were:

Doug Hyche	District Manager
Dennis Lyles	District Counsel
Rod Colon	Director of Operations
Jane Early	District Engineer
Brenda Richard	District Clerk
Sandra Colon	NSID
Nick Schooley	Drainage Supervisor
Donna Holiday	GMS-South Florida, LLC
Marc Grace	Keefe McCullough
Sidney Schusky	Resident Heron Bay
Martin Weinman	Resident Heron Bay
Dean Andreozzi	Heron Bay Property Manager

FIRST ORDER OF BUSINESS

Roll Call

Mr. Hyche called the meeting to order at 5:00 p.m.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the April 2, 2014 Meeting

Mr. Hyche stated the second item is approval of the minutes of the April 2, 2014 meeting.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the minutes of the April 2, 2014 meeting were approved as presented.
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THIRD ORDER OF BUSINESS

Audience Comments and Supervisors Requests

There not being any, the next item followed.

FOURTH ORDER OF BUSINESS

Presentation and Acceptance of the Financial Audit for Fiscal Year 2013

Mr. Hyche stated the next item is presentation and acceptance of the financial audit for fiscal year 2013.

Mr. Grace stated we appreciate everyone in the finance department that helps us with the audit. I want to go over a few of the more important areas in the financial statements. Pages 1 and 2 is the independent auditor's report, we have given an unmodified opinion, meaning that is the highest level assurance we can provide. It states that we conducted our audit in accordance with governmental auditing standards and the financial statements are presented in accordance with GASB.

On pages 5 and 6 you will see a condensed version of the statements and net position of the district. If you look on page 6 you will see a change in that position for the governmental activities you will see a net decrease of \$1.1 million and for the utilities, the water and sewer, an increase of \$3.5 million. Overall it was a positive increase for the year.

Another very important issue is the debt because last year we issued debt and we are looking to issue some new debt. Note 5 beginning on page 31 gives detailed information of all the debt held by the district. Through the audit we noted that the district is current with all its debt service payments and complying with all the reserve requirements. Something to note is a lot of districts throughout the state have been having problems with maintaining debt payments and that hasn't been the issue with NSID.

If there were any issues with the audit we would have to report them to the state auditor general. Our report to district management is on pages 48 and 49 and is the standard report that must accompany all governmental financial statements within the State of Florida. If you read through the paragraphs you will see there are no items that required communication to the state.

Once again we want to thank everyone in the district and staff and if you have any questions or concerns about anything feel free to ask.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the fiscal year 2013 audit was accepted and staff authorized to transmit it to the State of Florida.

FIFTH ORDER OF BUSINESS**Distribution of Proposed General Fund and Debt Service Budgets for Fiscal Year 2015**

Mr. Hyche stated the next item is distribution for your review of proposed general fund and debt service budgets for fiscal year 2015. This is for you to review and we will come back to you next month with our recommendations and possible changes for your approval and acceptance.

SIXTH ORDER OF BUSINESS**Staff Reports****A. Manager****I. Report Regarding Auditor General to Conducting Performance Audit of the Financial Reporting System**

Mr. Lyles stated you just had the report of your independent auditor and received an audit report with no findings or any control issues, financial gaps or any other recommendations from the auditor that something should be done that isn't being done. However, notwithstanding that the auditor general this year has embarked upon a program of doing on what we are told is a random basis audits at the state level of a variety of special districts, cities, community development districts, anybody who has the power to levy assessments or impose taxes whether ad valorem or not could be the recipient of one of these letters and we are aware of several other public entities in South Florida and in Broward County that have received these. It is just notifying you that pursuant to Chapter 11 they are going to be performing an audit, they are going to see if the way that the district's policies are carried out are being done in accordance with law and essentially if we are providing value as a local government entity to our residents and there will be a report at the end that you will receive. It is not voluntary you didn't request this they have selected us at random and now they will go forward. We aren't aware yet because this is sort of a new undertaking of how long this is likely to last but staff will be expected to spend a great deal of time providing documents. A lot of it is by design set up to be done electronically through a small private website they will set up just for us. I think it will probably take at least a couple months if not more and then you will get the results of that audit and you

can compare that to the audit you just received and accepted into your records when that happens.

Mr. Gray asked how is it funded, who is paying for that audit?

Mr. Lyles responded they are paying for it. It is not a service. We are required to have an audit performed annually by an independent qualified auditor that is selected pursuant to statutory selection procedures and that is whom Mr. Grace represents and we have to pay for that. This will not be at our expense.

II. Consideration of Acquisition Agreement with Lennar Homes

Mr. Colon stated on the last page of the acquisition agreement you will see Exhibit B, which talks about the improvements that we would be acquiring. This is basically an 8" potable water main that the developer had put in and through bond proceeds we would be acquiring the infrastructure and paying the developer for the structure itself. It is an 8" water main from the north side of University Drive that extends to Hillsboro and Loxahatchee.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the acquisition agreement with Lennar Homes was approved.

III. Consideration of Quotes for Booster Station Earth Work Project 2014

Mr. Colon stated the district obtained three quotes to do the earthwork. This deals with the design/build project that Lanzo is doing for the chemical building, however it didn't include the earthwork. We had to take it down to grade so they can start construction of the building. We obtained three quotes and one was astronomical and the other two quotes were in line with what they needed to be and staff is recommending the low quote from Ruzzano Construction for \$86,820.00.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the contract for the booster station earthwork project 2014 was awarded to Ruzzano Construction, Inc. in the amount of their low quote of \$86,820.00.

IV. Master Services Agreement with Paymentus for Utility Billing Processing

Mr. Colon stated currently we are using the Coral Springs Improvement District to do our utility billing and they are using Paymentus and apparently CSID is very satisfied with Paymentus. We are trying to give our customers the ability to pay by phone and for many months we negotiated back and forth with Paymentus and we negotiated a rate that was actually cheaper than what CSID is paying but we are trying to give our customers a different route to pay their water bills. The agreement is in front of you and we think it would be good because it also unifies the billing system between NSID and CSID.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the master services agreement with Paymentus for utility billing processing was approved.

B. Attorney

I. Discussion of Road Maintenance Agreement with City of Parkland

Mr. Lyles stated we have been requested by residents to consider advancing the opening of County Line Road, which has been constructed but not yet opened because it is supposed to be a county road, owned and become part of the county system, be maintained and operated by the county. The county has about a year or so ago changed its position with respect to new roads and in many instances is telling entities such as NSID you built this road under these conditions and with this expectation but we are not going to take the road. We don't want to be responsible for it we changed our mind. Not being in the road maintenance business we have been a little bit at a loss as to how to complete the whole exercise and I think there will continue to be some discussions about how that should be done and again attempt to convince the county that it is really the county's role to take on roads that are significant arterial roads such as this one. In the meantime in order to get the road opened to traffic we have negotiated primarily through management staff we have also worked directly with the city attorney of Parkland an agreement to get the road opened through an interlocal agreement between the City of Parkland and North Springs Improvement District. It will provide for Parkland to operate and maintain the road for an interim period initially through the end of 2014 with the ability of the city manager to extend for another 180 days at that point in time if she elects to do so at our request. She is not obligated to but the agreement allows her to extend this road maintenance agreement. The city is going to take responsibility for the road, maintain it, operate it and it is going to be opened. We

will indemnify the city for any of our negligence they will indemnify the district for any of their negligent operation of the road but it allows the road to get opened and used by the public. That is the sum and substance. It is possible that at the end of this period of time the whole thing is going to be back in your lap we hope not but we can't tell you one way or the other how it is going to end up. In the meantime through a lot of negotiations with the city staff at least we have come upon what we believe is a reasonable alternative, which is get it open and let them be responsible for it as the city is really set up to be on a limited basis at least and we have bought some time until the end of this calendar year and possibly another 180 days thereafter to convince the county to do the right thing. The City of Parkland will take up this same agreement at its meeting later today. I can only tell you that this has been negotiated between the two staffs and is recommended to elected bodies for approval. At this time there is no guarantee that the city commission will approve the agreement but just in case the city commission wants something in the way of a tweak or additional phrasing I would like you to take it up as approval subject to final legal review. It will be executed by the president and secretary on behalf of NSID once the city has approved it as well.

Mr. Gray asked can anything be done on a state level? We seem to have this problem in the last year and a half or so.

Mr. Lyles stated it has nothing to do with the state.

Mr. Gray asked have you seen this done elsewhere?

Mr. Lyles responded no, not that I'm aware of.

Mr. Gray stated because I would like to know how they were handling that but it is not being done anywhere else.

Mr. Lyles stated correct.

Mr. Gray stated we do need some more time for sure.

Mr. Lyles stated if we are going to open the road it has to be under someone's jurisdiction and operation and maintenance control. It needs a responsible government entity that has at least some kind of staff to oversee it. Obviously, it is a brand new road it is not likely to need any repair or modification or anything other than making sure that signs stay posted, things like that.

Mr. Colon stated just to add to that the City of Parkland and I went out there and found very minor deficiencies but it doesn't impede safety. We were going to clean out the storm drains, one little pothole and a couple of restriping issues but those are very minor.

Mr. Lyles stated those types of things would still be the responsibility of the contractor. Are we not within the warranty period?

Mr. Colon responded we were going to send Shenandoah and we were going to do the minor repairs. I believe that was going to come out of the bond proceeds that we still have.

Mr. Lyles stated we did fund the construction but again with the operational understanding that it would be as has been the case many, many times over the years that it would be taken on the transportation network as a county road and they would take it from there.

Mr. Colon stated we met with the homeowners association and their biggest concern is they wanted an access point. The problem is the City of Parkland is not going to allow Standard Pacific to have any more certificates of occupancy so they won't be able to sell any more homes in there. We would actually prohibit development in the Wedge area and prohibit the developer from selling more homes. There are already 10 residents living inside the Standard Pacific area now.

Mr. Gray asked what about liability? Obviously, we are still the owner regardless of any agreement for maintenance. This is just a maintenance agreement.

Mr. Lyles stated yes it is.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the road maintenance agreement for County Line Road with the City of Parkland was approved subject to final legal review.
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C. Engineer

Permit Request of Toll Brothers

Ms. Early stated before we get to the project status report I wanted to add a few items. The first item is we received a permit request from Toll Brothers. At Parkland Golf & Country Club there was one pod, Pod 20 that hasn't been developed and has been sitting there for years and there is an existing lake and there wasn't any maintenance on the lake there is no growth on the lake banks hence there has been a lot of erosion, some of the safety shelf has broken off and they want to go in there and fix it. They want to backfill some material to build up the bottom of it and then backfill with suitable material so they can recreate that safety shelf. I received some information from their geotech on what they are recommending and we are in agreement and I did write a permit letter and I'm sorry it didn't make it on the agenda but I had a couple of points

that I inserted in there that I want to be part of the permit but we are recommending approval so that they can get going on that pod and repair that lake.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the permit request from Toll Brothers for repair of the lake located in Pod 20 of Parkland Golf & Country Club was approved subject to the conditions outlined in the engineer's review letter.

Request for Reduction in Retainage

Ms. Early stated the second item I wanted to add was on the recent pay request for the R.O. Plant they are requesting that we reduce the retainage from 5% to 3%, which holds us around \$450,000, which is plenty of money because the majority of the equipment is already is already onsite. The remaining project is basically labor and we don't see a problem reducing the retainage to 3%. We are recommending approval of that request.

Mr. Gray asked what is staff's recommendation?

Mr. Colon responded because we have almost all of the material onsite I don't see an issue with it.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the request for reduction in retainage from 5% to 3% on the contract with Lanzo Construction for the R.O. Plant was approved.

I. Project Status Report

Ms. Early stated the project status report is included in your agenda package.

SIXTH ORDER OF BUSINESS

Approval of Financials and Check Registers

Mr. Hyche stated the next item is approval of the financials and check registers.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the financials and check registers were approved.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the meeting adjourned at 5:23 p.m.

May 7, 2014

North Springs Improvement District



Vincent Morretti
Secretary



David Gray
President